

## Message Text

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43

ACTION EB-07

INFO OCT-01 AF-06 ARA-06 EUR-12 EA-07 NEA-10 ISO-00

ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00

FEAE-00 FPC-01 H-02 INR-07 INT-05 L-03 NSAE-00 NSC-05

OMB-01 PM-04 USIA-06 SAM-01 OES-03 SP-02 SS-15 STR-04

TRSE-00 PA-01 PRS-01 /122 W  
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P R 061535Z OCT 75

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC PRIORITY 426

INFO AMEMBASSY BEIRUT

AMEMBASSY JAKARTA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LAGOS

AMEMBASSY LIMA

AMEMBASSY LONDON

AMEMBASSY PORT OF SPAIN

AMEMBASSY QUITO

AMEMBASSY TEHRAN

AMEMBASSY TRIPOLI

AMEMBASSY VIENNA

AMCONSUL DHAHRAN

USMISSION OECD PARIS

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E.O. 11652: N/A

TAGS: ENRG, VE

SUBJECT: GOV MINES MINISTER COMMENTS ON OPEC MEETING

1. MINES MINISTER VALENTIN HERNANDEZ RETURNED TO CARACAS  
FROM THE OPEC MEETING ON EARLY MORNING FLIGHT FROM MADRID  
OCT 1. HE ARRIVED FOUR DAYS AFTER HIS ORIGINAL SCHEDULED

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RETURN ON THE PRETEXT THAT THERE WAS NO EARLIER SPACE AVAIL-

ABLE FROM MADRID. SOME OBSERVERS BELIEVE HE TOOK A BRIEF REST PRIOR TO PLUNGING INTO THE CRUCIAL NEGOTIATIONS WITH THE OIL CONCESSIONAIRES CONCERNING COMPENSATION AGREEMENTS, BUT THERE ARE REPORTS HE MET WITH SHELL FOR OIL NEGOTIATIONS. THE NEXT 7 DAYS WILL INVOLVE SUSTAINED NEGOTIATIONS, SINCE THE GOV MUST MAKE ITS OFFICIAL COMPENSATION OFFERS TO THE OIL COMPANIES ON OCT 13. HERNANDEZ HAD THE OPPORTUNITY IMMEDIATELY TO BRIEF PRESIDENT PEREZ AT THE AIRPORT, WHERE PEREZ WAS MEETING THE FIRST LADY ON HER RETURN FROM A EUROPEAN JOURNEY. HERNANDEZ ALSO GAVE AN EXCLUSIVE INTERVIEW TO THE EL NACIONAL ECONOMIC EDITOR, WHO CAUGHT HIM AS HE DEPLANED.

2. HERNANDEZ MADE THE FOLLOWING POINTS:

A. IN SPITE OF THE DIFFICULT NEGOTIATIONS, DECISIONS WERE TAKEN THAT STRENGTHENED OPEC.

B. OPEC DECIDED TO ACQUIRE A NEW HEADQUARTERS BUILDING IN VIENNA.

C. PUBLIC RELATIONS ACTIVITIES OF OPEC WILL BE EXPANDED, WHICH WILL ENABLE THE ORGANIZATION TO EXPLAIN BETTER ITS POLICIES AND MEASURES IT WILL ADOPT FROM TIME TO TIME. THE INTENTION OF THE GREATER PUBLIC RELATIONS PROGRAM WILL BE TO COUNTERACT THE "ERRORS, MISUNDERSTANDINGS AND WRONG INTERPRETATIONS" CONCERNING OPEC DECISIONS.

D. OPEC ECONOMIC COMMISSION RECOMMENDED A LARGER PRICE INCREASE, BUT MINISTERS TOOK INTO CONSIDERATION "OTHER FACTORS" IN THE DECISION TO INCREASE THE OIL PRICE.

E. HERNANDEZ DID NOT SHARE YAMANI OPINION THAT "THERE IS EXCESSIVE OIL PRODUCTION, AND IF PRICES INCREASE TOO MUCH INDUSTRIAL COUNTRIES WOULD BE SUCCESSFUL IN DEVELOPING OTHER SOURCES OF ENERGY." HOWEVER, HERNANDEZ AGREED THAT IT WAS NECESSARY TO ANALYZE THIS OPINION CAREFULLY.

F. THERE IS STILL A CONSENSUS TO ADOPT SDRS. FUNDAMENTAL DECISION HAS BEEN MADE, WITHOUT DISAGREEMENT, TO GO TO SDRS BUT IMPLEMENTATION WAS DEFERRED UNTIL DEC MEETING DUE TO LACK OF TIME TO WORK ON SUBJECT IN SEP MEETING.

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G. PRESIDENT PEREZ RECOMMENDATION OF A NEW OPEC FUND OF 1.5 - 2 BILLION DOLLARS FOR THIRD WORLD COUNTRIES "COINCIDES" WITH KUWAIT PROPOSAL. IT HAS "AMPLE RECEPTION AND THERE IS A FIRM DISPOSITION TO STUDY HOW THE FUND CAN BE CONSTITUTED." FUND IDEA WILL BE STUDIED BY OPEC FINANCE MINISTERS IN NOV. THEIR CONSIDERATION OF THE FUND WILL BE BASED ON TECHNICAL LEVEL MEETING SCHEDULED FOR OCT 24 OF REPRESENTATIVES OF FINANCE

MINISTERS.

H. FINALLY, HERNANDEZ SAID THAT OPEC MEMBERS ARE STUDY-  
ING VARIOUS AREAS OF ECONOMIC AND FINANCIAL COOPERATION  
AMONG THEMSELVES, BOTH ON BILATERAL AND ORGANIZATION-  
WIDE BASIS. RESULTS OF THESE CONVERSATIONS WILL BE MADE  
KNOWN SHORTLY.

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